

**Senate Study Bill 1232 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
TRANSPORTATION BILL BY  
CHAIRPERSON BOWMAN)

**A BILL FOR**

1 An Act relating to registration fees for, and security  
2 interests on, motor vehicles, and providing penalties.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.50, subsection 5, paragraph a, Code  
2 2015, is amended to read as follows:

3 a. When a security interest is discharged, the holder shall  
4 note a cancellation of the security interest on the face of the  
5 certificate of title over the holder's signature and deliver  
6 the certificate of title to the county treasurer where the  
7 title was issued. In the case of a security interest that has  
8 been delivered by electronic means, the holder shall notify  
9 the department or the county treasurer, in a manner prescribed  
10 by the department, of the release of the security interest.  
11 The county treasurer shall immediately note the cancellation  
12 of the security interest on the face of the certificate of  
13 title, if applicable, and in the county records system. The  
14 county treasurer shall on the same day deliver the certificate  
15 of title, if applicable, to the then first secured party or,  
16 if there is no such person, to the person as directed by the  
17 owner, in writing, on a form prescribed by the department or,  
18 if there is no person designated, then to the owner. The  
19 cancellation of the security interest shall be noted on the  
20 certificate of title by the county treasurer without charge.  
21 The holder of a security interest discharged by payment who  
22 fails to release the security interest within fifteen days  
23 after being requested in writing to do so shall forfeit to the  
24 person making the payment the sum of ~~twenty-five~~ five hundred  
25 dollars.

26 Sec. 2. Section 321.70, Code 2015, is amended to read as  
27 follows:

28 **321.70 Dealer vehicles.**

29 A dealer registered under this chapter shall not be required  
30 to register any vehicle owned by the dealer which is being held  
31 for sale or trade, provided the annual registration fee was not  
32 delinquent at the time the vehicle was acquired by the dealer.  
33 When a dealer ceases to hold any vehicle for sale or trade or  
34 the vehicle otherwise becomes subject to registration under  
35 this chapter, the annual registration fee and delinquent annual

1 registration fee, if any, shall be due for the registration  
2 year. However, a dealer is not required to pay a delinquent  
3 annual registration fee, or a penalty on a delinquent annual  
4 registration fee, due on a vehicle acquired by the dealer  
5 through a wholesale auction that is accompanied by an affidavit  
6 stating that the vehicle was repossessed because of the failure  
7 of the previous owner to meet a legal obligation involving the  
8 vehicle.

9 Sec. 3. Section 321.105A, subsection 5, Code 2015, is  
10 amended by adding the following new paragraph:

11 NEW PARAGRAPH. *0a.* A licensed vehicle dealer maintaining a  
12 place of business in this state who sells a vehicle subject to  
13 registration for use in this state shall collect the fee for  
14 new registration, and the fee for listed security interests  
15 pursuant to section 321.50, subsection 1, at the time of making  
16 the sale. A dealer required to collect the fees shall give to  
17 the purchaser a receipt for the fees in the manner and form  
18 prescribed by the director. Fees collected by a dealer under  
19 this paragraph "0a" shall be forwarded to the county treasurer,  
20 along with the application for certificate of title, where  
21 applicable.

22 Sec. 4. Section 805.8A, subsection 2, paragraph s, Code  
23 2015, is amended to read as follows:

24 *s.* Section 321.104.....~~\$100~~ \$500.

25 EXPLANATION

26 The inclusion of this explanation does not constitute agreement with  
27 the explanation's substance by the members of the general assembly.

28 This bill relates to registration fees for, and security  
29 interests on, motor vehicles.

30 Under current law, the holder of a security interest on  
31 a motor vehicle discharged by payment who fails to release  
32 the security interest within 15 days after being requested in  
33 writing to do so must forfeit \$25 to the person making the  
34 payment. The bill increases the amount of the payment to \$500.

35 Current law provides that a dealer shall not be required to

1 register any vehicle owned by the dealer which is being held  
2 for sale or trade, provided the annual registration fee was  
3 not delinquent at the time the vehicle was acquired by the  
4 dealer. When a dealer ceases to hold any vehicle for sale or  
5 trade or the vehicle otherwise becomes subject to registration,  
6 the annual registration fee and delinquent annual registration  
7 fee, if any, shall be due for the registration year. The bill  
8 provides that a dealer is not required to pay a delinquent  
9 annual registration fee, or a penalty on a delinquent annual  
10 registration fee, due on a vehicle acquired by the dealer  
11 through a wholesale auction that is accompanied by an affidavit  
12 stating that the vehicle was repossessed because of the failure  
13 of the previous owner to meet a legal obligation involving the  
14 vehicle.

15 The bill requires motor vehicle dealers who sell a vehicle  
16 subject to registration for use in Iowa to collect the fee for  
17 new registration and the fee for listed security interests at  
18 the time of making the sale. A dealer required to collect the  
19 fees shall give to the purchaser a receipt for the fees in the  
20 manner and form prescribed by the director of transportation.  
21 Fees collected by a dealer in this way shall be forwarded  
22 to the county treasurer, along with the application for  
23 certificate of title, where applicable.

24 Current law provides that a person shall not sell, offer  
25 for sale, or transfer a motor vehicle without obtaining a  
26 certificate of title in the name of the seller or transferor  
27 or delivering to the purchaser or transferee a certificate  
28 of title or a manufacturer's or importer's certificate duly  
29 assigned to the purchaser or transferee. The scheduled fine  
30 for a violation of this provision is \$100. The bill increases  
31 the scheduled fine to \$500.